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**A1910001**

**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE  
STATE OF CALIFORNIA**

Application of Southern California Edison  
Company (U 338-E) for Approval of Its Carbon-  
Free Surplus Energy Transaction with Bonneville  
Power Administration

Application No. 19-10-XXX

**APPLICATION OF SOUTHERN CALIFORNIA EDISON COMPANY (U 338-E)  
FOR APPROVAL OF ITS CARBON-FREE SURPLUS ENERGY TRANSACTION  
WITH BONNEVILLE POWER ADMINISTRATION**

JANET S. COMBS  
ELLEN BERMAN

Attorneys for  
SOUTHERN CALIFORNIA EDISON COMPANY

2244 Walnut Grove Avenue  
Post Office Box 800  
Rosemead, California 91770  
Telephone: (626) 302-1524  
E-mail: Janet.Combs@sce.com

Dated: **October 1, 2019**

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**I.**

**INTRODUCTION**

Pursuant to Rules 1 and 2 of the California Public Utilities Commission’s (“Commission” or “CPUC”) Rules of Practice and Procedure, Southern California Edison Company (“SCE”) files this Application to request approval of SCE’s contract (the “Contract”) with Bonneville Power Administration (“BPA”) to purchase 5 megawatts (“MW”) of surplus carbon-free hydroelectric power from BPA made available through incremental energy efficiency (“EE”) savings in BPA’s service area (the “Transaction”), and authorization to recover in customer rates approximately \$2.989 million in incremental costs associated with the Contract.

Concurrent with this Application, SCE is serving its direct testimony in support of this Application (preliminarily identified as Exhibit SCE-01). The testimony supports SCE’s purchase of carbon-free power from the Pacific Northwest made available by BPA’s achievement of 5 MW of EE savings in excess of its 2016-2017 fiscal years (“FY”) EE goals (the “incremental EE”). This “proof of concept” Transaction, if it proves to be effective and

scalable to a larger market, could help California meet its ambitious carbon-reduction goals without increasing emissions in other regions.

Per its terms, if the Contract is not approved through a final, non-appealable Commission decision by January 31, 2021, the Contract will expire. Accordingly, SCE requests a final decision on this Application by no later than December 31, 2020.

## **II.**

### **EXECUTIVE SUMMARY**

In this Application, SCE seeks approval from the Commission of its Contract with BPA for a “proof of concept” Transaction to test a model of conservation transfer through the purchase in California of surplus carbon-free energy around the clock (“ATC”) hydropower from BPA made available by incremental EE achieved by BPA above and beyond its EE goals. In 2017, BPA and the Natural Resources Defense Council (“NRDC”) approached SCE to explore the potential of developing a proposal to this Commission for a carbon-free power product made possible through incremental EE savings in the Pacific Northwest that could be imported to California. SCE determined that a relatively small-scale commercial transaction to evaluate the efficacy of greenhouse gas (“GHG”) reductions through an inter-regional transfer of carbon-free energy would be a low-risk and innovative way to test the concept. With a goal of capturing innovative carbon reduction approaches that may have the potential for scaling in larger markets, SCE began negotiations with BPA to effectuate the Transaction.

The purpose of the Transaction is to provide California an opportunity to test a model of “conservation transfer” through a purchase in California of surplus carbon-free energy around the clock (“ATC”) from BPA made available by BPA’s achievement of 5 MWs of incremental EE. This “proof of concept” Transaction could lead to a broader market in California for clean power made possible through the achievement of incremental EE in the Pacific Northwest and other regions, thereby helping California meet its ambitious carbon-reduction goals without increasing emissions in the Pacific Northwest, as required by California law.

The Contract between SCE and BPA, included in Confidential Appendix A of SCE's supporting testimony (Exhibit SCE-01), serves as the basis for this Transaction. Pursuant to the Transaction, BPA will sell SCE 5 MW of surplus carbon-free power, made possible by the incremental EE, to SCE at the Nevada-Oregon Border ("NOB"), from which it will be available for sale into the California Independent System Operator ("CAISO") market. The price for the Transaction is a market price for power, plus an additional fee, (the "Clean Power Fee"), the majority of which is intended to compensate BPA for a pro rata share of its costs to implement the incremental EE. The 5 MW of incremental EE savings is achieved from installed measures that are not expected to degrade over the three (3) year term (the "Term") of the Contract, as BPA anticipates the incremental EE savings will last an average of 12 years.

The Transaction is one of the many innovative approaches that will be required to support the State's ambitious carbon reduction goals. To achieve these goals, SCE and the other California utilities are pursuing multiple approaches, including continuing to implement carbon reduction programs, such as EE and building and transportation electrification, within their respective service areas and through regional and statewide programs. In addition to these efforts, SCE sees merit in leveraging opportunities to further reduce carbon emissions in California by capitalizing on enhanced EE efforts in the Pacific Northwest and other regions to deliver clean, carbon-free power to California. This Transaction is an opportunity for SCE, on behalf of California, to explore a relatively low-cost and innovative approach to help achieve California's goal, pursuant to SB 100, of achieving 100 percent (%) carbon-free energy deliveries by 2045 without increasing emissions in other parts of the Western grid.<sup>1</sup> It is important to emphasize that this Transaction is not intended to affect or be counted toward SCE's in-state EE goals or achievements.

SCE anticipates that this proof of concept Transaction will provide valuable learnings about its feasibility and scalability for achieving additional carbon-free power for California

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<sup>1</sup> See PUC Section 454.53(a).

through similar transactions. Moreover, if the Transaction is approved, BPA has committed to investigating options for offering larger-scale products for the transfer of carbon-free energy to California made possible through BPA's achievement of incremental EE savings in the future.

If the Commission approves this Application by no later than December 31, 2020, the Contract will extend by one year, for a three-year term. The price of the delivered product includes both the "at market" energy price for the hydro-power portion of the Transaction, as well as a "Clean Power Fee," the majority of which reimburses BPA for its costs to achieve the incremental EE that made the 5 MW of carbon-free power available for sale into California. Pursuant to the Contract, SCE only pays the market rate for the power unless and until the Commission approves this Application without modification or conditions unacceptable to SCE. Upon timely Commission approval, SCE will also pay BPA the Clean Power Fee for 2019 and 2020 in early 2021. For the 2021 delivery year, BPA will bill SCE for the Clean Power Fee at the end of the term.

The incremental costs of Transaction are estimated at \$2.989 million over the Term of the Contract, through the end of 2021. SCE proposes to recover these incremental costs from all customers through SCE's Public Purpose Programs Charge based on system-wide sales, for reasons summarized in Section IV below and discussed in Section V of Exhibit SCE-01. All other Transaction costs are proposed to be recovered from SCE's bundled service customers through revenue requirements and rates established in SCE's annual ERRF Forecast proceedings, as described in Section V of Exhibit SCE-01.

### **III.**

#### **ORGANIZATION OF SCE'S TESTIMONY**

Concurrent with the filing of this Application, SCE is serving direct testimony in support of the Application, preliminarily designated as Exhibit SCE-01. Chapter I of Exhibit SCE-01 provides an Introduction, and Chapter II provides an Executive Summary. Chapter III of the provides an overview of the Transaction and describes how SCE calculated the energy price and Clean Power Fee. Chapter IV explains how the Transaction may be an important tool in meeting

California’s carbon reduction goals while avoiding resource shuffling. Chapter V sets forth SCE’s proposal for recovering the costs of the Transaction, ratemaking treatment, and revenue allocation. Confidential Appendix A is the confidential Contract between SCE and BPA, which is omitted from the Public Version of Exhibit SCE-01. Appendix B is BPA’s attestation, and Appendices C and D are copies of the tariff rate sheets reflecting, respectively, BPA’s current Priority Firm Power (PF) Tier 1 Equivalent Rates and the tariffed rates that make up the transmission component of the Clean Power Fee. Appendices E and F provide SCE’s witness qualifications and a confidentiality declaration, respectively.

#### IV.

#### **SUMMARY OF SCE’S COST RECOVERY, REVENUE ALLOCATION AND RATEMAKING**

SCE is requesting authority in this Application to recover the incremental Contract costs, estimated at \$2.989 million over the three-year Term, as incremental revenue requirement recovered from all SCE’s customers through SCE’s Public Purpose Program Charge (“PPPC”). All other costs of the Contract will be recovered from SCE’s bundled service customers through revenue requirements and rates established in SCE’s annual Energy Resource Recovery Account (“ERRA”) Forecast proceedings through the operation of SCE’s ERRA Balancing Account.

Specifically, SCE requests authority to establish a new two-way interest-bearing balancing account, the Carbon-Free Surplus Energy Product Balancing Account (“CFSEPBA”), which will operate upon Commission approval. To account for all aspects of the Transaction, this new balancing account will track three items:

1. The cost of the market-price energy portion of the transaction paid to BPA;
2. The revenue SCE receives from the sale of the energy into the CAISO; and
3. The cost of all components of the Clean Power Fee, which is the difference between the Reference Price and the Energy Price (see SCE’s Testimony for additional information on the calculation). One of the components of the Clean Power Fee is the EE Program Cost, which compensates BPA for the pro-rata

share of BPA's cost to install the EE measures that made available the surplus carbon-free power for delivery into California.

SCE proposes to record all costs and revenues associated with the market-price of the energy portion of the Transaction and all costs of the Clean Power Fee, except the EE Program Cost, in a separate sub-account. SCE will transfer the balance (including interest), credit or debit, in this sub-account on a monthly basis to the ERRA balancing account for recovery from SCE's bundled customers.

SCE will separately record the EE Program Cost in another sub-account and will transfer this amount, including interest, annually to the Public Purpose Program Adjustment Mechanism ("PPPAM") for recovery from all customers. This cost allocation is consistent with existing precedent whereby SCE's power costs are recovered from SCE's bundled service customers and public purpose costs are recovered from all customers. The PPPC recovery of the EE Program Cost of the Transaction is appropriate because all customers benefit from increasing access in California to carbon-free power, and the Transaction is a proof of concept that, if successful, can serve as blueprint for all LSEs in California to replicate and scale. SCE proposes to recover the EE Program Cost via the PPPC based on system-wide sales.

Review of the operation of the CFSEPBA will occur in SCE's annual ERRA Review application to ensure the entries related to the Transaction are stated correctly and are consistent with Commission decision(s).

## **V.**

### **SUMMARY OF REQUESTS**

This Application requests that the Commission:

- Approve the Contract without modifications and by no later than December 31, 2020;

- Authorize SCE to establish the Carbon-Free Surplus Energy Product Balancing Account (CFSEPBA) to record the costs and revenues associated with the Contract;
- Authorize SCE to recover an estimated \$ 2.989 million in EE Program Costs associated with the Contract through SCE's Public Purpose Programs Charge ("PPPC");
- Authorize SCE to recover the remaining costs associated with the Contract from SCE's bundled service customers through revenue requirements and rates established in SCE's annual (Energy Resource Recovery Account) Forecast proceedings through the operation of SCE's ERRA Balancing Account, which is reviewed in SCE's annual ERRA Review proceedings; and
- Grant any other relief the Commission deems just and reasonable.

## VI.

### **STATUTORY AND REGULATORY REQUIREMENTS**

#### **A. Statutory and Other Authority – Rule 2.1**

Rule 2.1 of the Commission's Rules of Practice and Procedure requires that all applications: (1) clearly and concisely state authority or relief sought; (2) cite the statutory or other authority under which that relief is sought; and, (3) be verified by the applicant. Rules 2.1(a), 2.1(b), and 2.1(c) set forth further requirements that are addressed separately below.

SCE makes this Application pursuant to the Commission's Rules of Practice and Procedure and the California Public Utilities Code. The statutory and other authority under which this Application is made includes, but is not limited to, California Public Utilities Code Sections 451, 454, and 701, et al., the Commission's Rules of Practice and Procedure, and prior decisions, orders, and resolutions of this Commission. SCE's request complies with Rules 1.5 through 1.11 and 1.13 of the Commission's Rules of Practice and Procedure, which specify the procedures for, among other things, filing documents, as well as Rules 2.1, 2.2, and 3.2.



This Application has been verified by an SCE officer as provided in Rules 1.11 and 2.1.

**B. Legal Name and Correspondence – Rules 2.1(a) and 2.1(b)**

Rule 2.1(a) of the Commission's Rules of Practice and Procedure requires all applications to state the exact legal name of each applicant and the location of principal place of business, and if an applicant is a corporation, trust, association, or other organized group, the State under the laws of which such applicant was created or organized.

The full legal name of the applicant is Southern California Edison Company. SCE is a corporation organized and existing under the laws of the State of California, and is primarily engaged in the business of generating, purchasing, transmitting, distributing and selling electric energy for light, heat and power in portions of central and southern California as a public utility subject to the jurisdiction of the Commission. SCE's properties, which are substantially within the State of California, primarily consist of hydroelectric and thermal electric generating plants, together with transmission and distribution lines and other property necessary in its business.

SCE's principal place of business is 2244 Walnut Grove Avenue, Rosemead, California, and its post office address and telephone number are:

Southern California Edison Company  
Post Office Box 800  
Rosemead, California 91770  
Telephone: (626) 302-1212

Rule 2.1(b) of the Commission's Rules of Practice and Procedure requires all applications to state the name, title, address, telephone number, facsimile transmission number, and e-mail address of the person to whom correspondence or communications regarding the application are to be addressed.

SCE's attorneys in this matter are Janet Combs and Ellen Berman. Correspondence or communications regarding this Application should be addressed to:

Janet S. Combs  
Law Department  
P. O. Box 800  
2244 Walnut Grove Avenue  
Rosemead, CA 91770  
Telephone: (626) 302-1524  
E-mail: janet.combs@sce.com

SCE Case Administration  
Southern California Edison Company  
P.O. Box 800  
2244 Walnut Grove Avenue  
Rosemead, CA 91770  
Telephone: (626) 302-6509  
E-mail: case.admin@sce.com

**C. Proposed Categorization, Need for Hearings, Issues to Be Considered, and Proposed Schedule – Rule 2.1 (c)**

Commission Rule 2.1(c) requires that all applications shall state “the proposed category for the proceeding, the need for hearing, the issues to be considered, and a proposed schedule.”

**1. Proposed Category**

Rule 1.3(e) of the Commission’s Rules of Practice and Procedure defines “ratesetting” proceedings as “proceedings in which the Commission sets or investigates rates for a specifically named utility (or utilities), or establishes a mechanism that in turn sets the rates for a specifically named utility (or utilities).” This Application includes SCE’s proposal for the Transaction’s cost estimates and enhancements. Therefore, for purposes of Rule 2.1, SCE proposes this proceeding be categorized as ratesetting.

**2. Need for Hearings**

SCE’s Application, supporting Testimony and appendices submitted herewith contain sufficient information and constitute a sufficient record for the Commission to rule on SCE’s Application without the need for evidentiary hearings. SCE submits that all interested parties can comment and express their views in writing through protests, comments and testimony. SCE’s proposed procedural schedule below assumes evidentiary hearings will not be held; however, the need for hearings will be determined by the assigned Administrative Law Judge(s).

**3. Issues to be Considered, Including Relevant Safety Considerations**

In general, the issues to be considered are discussed above and in more detail in SCE’s supporting direct testimony in Exhibit SCE-01, served concurrently with this Application. In D.16-01-017, the Commission adopted an amendment to Rule 2.1(c) requiring applications to

clearly state “relevant safety considerations.” SCE does not view this application as presenting any safety considerations, as it requests approval of and cost recovery for a Contract that results in purchase of 5 MW of surplus, firm carbon-free power from BPA on the terms and conditions set forth in the Contract.

#### **4. Procedural Schedule**

SCE’s proposes the following procedural schedule for this proceeding:

|  |                                |
|--|--------------------------------|
| SCE files Application  | October 1, 2019                |
| Protests / Responses to Application (30 days after Notice of Application appears in the Commission Daily Calendar) | On or around November 1, 2019  |
| Reply to Protests / Responses (if needed)  | On or around November 11, 2019 |
| Prehearing Conference  | By November 30, 2019           |
| CalPA / Intervenor Testimony Due   | January 31, 2020               |
| Rebuttal or Reply Testimony Due  | March 6, 2020                  |
| Evidentiary Hearings (if necessary)  | March 25, 2020                 |
| Concurrent Opening Briefs  | April 29, 2020                 |
| Reply Briefs   | May 27, 2020                   |
| Commission Issues Proposed Decision  | August 30, 2020                |
| Commission issues Final Decision   | By October 15, 2020            |

#### **D. Organization and Qualification to Transact Business – Rule 2.2**

In compliance with Rule 2.2 of the Commission’s Rules of Practice and Procedure,<sup>2</sup> a copy of SCE’s Certificate of Restated Articles of Incorporation, effective on March 2, 2006, and presently in effect, certified by the California Secretary of State, was filed with the Commission on March 14, 2006, in connection with Application No. 06-03-020, and is by reference made a part hereof.

A copy of SCE’s Certificate of Determination of Preferences of the Series E Preference Stock, filed with the California Secretary of State on January 12, 2012, and a copy of SCE’s Certificate of Increase of Authorized Shares of the Series E Preference Stock, filed with the

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<sup>2</sup> Rule 2.2 requires the applicant, in this case SCE, to submit a copy of its organizing documents and evidence of its qualification to transact business in California, or to refer to that documentation if previously filed with the Commission.

California Secretary of State on January 31, 2012, both presently in effect and certified by the California Secretary of State, were filed with the Commission on March 5, 2012, in connection with Application No. 12-03-004, and are by reference made a part hereof.

A copy of SCE's Certificate of Determination of Preferences of the Series F Preference Stock, filed with the California Secretary of State on May 5, 2012, and presently in effect, certified by the California Secretary of State, was filed with the Commission on June 29, 2012, in connection with Application No. 12-06-017, and is by reference made a part hereof.

A copy of SCE's Certificate of Determination of Preferences of the Series G Preference Stock, filed with the California Secretary of State on January 24, 2013, and presently in effect, certified by the California Secretary of State, was filed with the Commission on January 31, 2013, in connection with Application No. 13-01-016, and is by reference made a part hereof.

A copy of SCE's Certificate of Determination of Preferences of the Series H Preference Stock, filed with the California Secretary of State on February 28, 2014, and presently in effect, certified by the California Secretary of State, was filed with the Commission on March 24, 2014, in connection with Application No. 14-03-013, and is by reference made a part hereof.

A copy of SCE's Certificate of Determination of Preferences of the Series J Preference Stock, filed with the California Secretary of State on August 19, 2015, and presently in effect, certified by the California Secretary of State, was filed with the Commission on October 2, 2015, in connection with Application No. 15-10-001, and is by reference made a part hereof.

A copy of SCE's Certificate of Determination of Preferences of the Series K Preference Stock, filed with the California Secretary of State on March 2, 2016, and presently in effect, certified by the California Secretary of State, was filed with the Commission on April 1, 2016, in connection with Application No. 16-04-001, and is by reference made a part hereof.

A copy of SCE's Certificate of Determination of Preferences of the Series L Preference Stock filed with the California Secretary of State on June 20, 2017, and presently in effect, certified by the California Secretary of State, was filed with the Commission on June 30, 2017, in connection with Application No. 17-06-030, and is by reference made a part hereof.

Certain classes and series of SCE's capital stock are listed on a "national securities exchange" as defined in the Securities Exchange Act of 1934, and copies of SCE's latest Annual Report to Shareholders and its latest proxy statement sent to its stockholders has been filed with the Commission with a letter of transmittal dated March 18, 2019, pursuant to Commission General Order Nos. 65-A and 104-A.

**E. Balance Sheet and Income Statement – Rule 3.2.(a)(1)**

In compliance with Rule 3.2(a)(1), Appendix A hereto contains copies of SCE's balance sheet as of June 30, 2019, and income statement for the period ended June 30, 2019, the most recent period available.

**F. Statement of Presently Effective and Proposed Rates – Rules 3.2(a)(2) and 3.2(a)(3)**

If the CPUC approves SCE's Application as proposed, an average non-CARE residential customer using 550 kWh per month could see a monthly bill increase of \$0.03 from a current monthly bill of \$110.79 to \$110.82. The following table compares SCE's current bundled average rates, by customer group, to an estimate of proposed average rates if SCE's Application is approved by the Commission.

| <b>Bundled Average Rates</b>      |                          |                           |                          |
|-----------------------------------|--------------------------|---------------------------|--------------------------|
| Customer Group                    | Current Rates<br>(¢/kWh) | Proposed Rates<br>(¢/kWh) | % Change<br>over current |
| Residential                       | 18.26                    | 18.27                     | 0.03%                    |
| Lighting - Small and Medium Power | 16.74                    | 16.75                     | 0.03%                    |
| Large Power                       | 12.10                    | 12.11                     | 0.03%                    |
| Agricultural and Pumping          | 13.43                    | 13.44                     | 0.03%                    |
| Street and Area Lighting          | 18.92                    | 18.93                     | 0.02%                    |
| Standby                           | 10.49                    | 10.49                     | 0.03%                    |
| Total                             | 15.9                     | 15.91                     | 0.0%                     |

|                           | Current   | Proposed  | % Change |
|---------------------------|-----------|-----------|----------|
| Non-CARE residential bill | \$ 110.79 | \$ 110.82 | 0.03%    |
| CARE residential bill     | \$ 74.82  | \$ 74.84  | 0.02%    |

SCE's current rates and charges for electric service are in its electric tariffs and schedules on file with the Commission and available on SCE's website.<sup>3</sup> These tariffs and schedules are filed with and made effective by the Commission in its decisions, orders, resolutions, and approvals of advice letter filings pursuant to Commission General Order 96-A.

**G. Description of SCE's Service Territory and Utility System – Rule 3.2(a)(4)**

Because this Application is not a general rate case application, this requirement is not applicable.

**H. Summary of Earnings – Rule 3.2(a)(5)**

In compliance with Rule 3.2(a)(5), Appendix B hereto contains a copy of SCE's summary of earnings, updated in June 2019, the most recent period available.

**I. Depreciation – Rule 3.2(a)(7)**

Because this Application is not a general rate case application, this requirement is not applicable.

**J. Capital Stock and Proxy Statement – Rule 3.2(a)(8)**

See Section VII.D. above.

**K. Statement Pursuant to Rule 3.2(a)(10)**

Rule 3.2(a)(10) requires that the "application of electrical ... corporations shall separately state whether or not the increase reflects and passes through to customers only increased costs to the corporation for the services or commodities furnished by it." This Application seeks approval to recover the incremental cost of the Contract in customer rates.

**L. Service of Notice – Rule 3.2(b), (c) and (d)**

As required by Rule 3.2(b), a notice stating in general terms the proposed increase in rates will be mailed to the designated officials of the State of California, and the cities and counties affected by the rate increase proposed in this application as listed in Appendix C hereto.

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<sup>3</sup> SCE's current tariffs are available online at <https://www.sce.com/regulatory/tariff-books/rates-pricing-choices>.

Pursuant to Rule 3.2(c), notice will be published in a newspaper of general circulation in each county in SCE's service territory within which the rate changes would be effective. The cities and counties affected by the rate increase proposed in this application are shown in Appendix C hereto.

Finally, pursuant to Rule 3.2(d), notice will be furnished to customers affected by the rate increase proposed in this application by including such notice with the regular bills mailed to those customers and by electronically linking to such notice for customer that receive their bills electronically.

**M. Index of Exhibits and Appendices to This Application**

SCE's submissions in support of this Application include the following, which are incorporated herein by reference:

**Appendices to Application**

|             |                                    |
|-------------|------------------------------------|
| Appendix A: | Balance Sheet and Income Statement |
| Appendix B: | Summary of Earnings                |
| Appendix C: | List of Cities and Counties        |

**Exhibits to Application**

|                 |   |
|-----------------|---|
| Exhibit SCE-01: | Testimony of Southern California Edison Company in Support of Its Application for Approval of its Carbon-Free Surplus Energy Transaction With Bonneville Power Administration |
|-----------------|---|

**N. Service List**

The official service list has not yet been established in this proceeding. SCE is serving this Application and supporting direct testimony on the Commission's Public Advocates Office, as well as the service lists for the following proceedings: R.13-11-005 A.17-01-013 et al. (EE proceedings), and A.19-06-002 (SCE's 2019 ERRF Forecast Application).

**VII.**

**CONCLUSION**

SCE respectfully requests that the Commission approve SCE's Application in total.

Respectfully submitted,

JANET S. COMBS  
ELLEN BERMAN

/s/ Janet S. Combs

By: Janet S. Combs

Attorneys for  
SOUTHERN CALIFORNIA EDISON COMPANY

2244 Walnut Grove Avenue  
Post Office Box 800  
Rosemead, California 91770  
Telephone: (626) 302-6016  
Facsimile: (626) 302-3990  
E-mail: Janet.Combs@sce.com

October 1, 2019



## **VERIFICATION**

I, Colin Cushnie, declare and state:

I am an officer of Southern California Edison Company, a corporation, and am authorized pursuant to Rule 2.1 and Rule 1.11 of the Rules of Practice and Procedure of the California Public Utilities Commission to make this Verification for and on behalf of said corporation, and make this Verification for that reason. I have read the foregoing Application and I am informed and believe that the matters therein concerning Southern California Edison Company are true. I declare under penalty of perjury that the foregoing is true and correct.

Executed this **30<sup>th</sup> day of September, 2019**, at Rosemead, California.

*/s/ Colin Cushnie*

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By: Colin Cushnie  
Vice President, Power Supply  
Southern California Edison Company

**Appendix A**

**Balance Sheet and Income Statement**

SOUTHERN CALIFORNIA EDISON COMPANY

(h) A balance sheet as of the latest available date, together with an income statement covering the period from close of last year for which an annual report has been filed with the Commission to the date of the balance sheet attached to the application.

STATEMENT OF INCOME  
SIX MONTHS ENDED JUNE 30, 2019

(In millions)

|  |                 |
|--|-----------------|
| OPERATING REVENUE  | <u>\$ 5,616</u> |
| OPERATING EXPENSES:  |                 |
| Purchase power and fuel                                    | 2,140           |
| Other operation and maintenance                            | 1,440           |
| Depreciation, decommissioning and amortization             | 800             |
| Property and other taxes                                   | 202             |
| Impairment and other charges                               | 166             |
| Other operating income                                     | (3)             |
| Total operating expenses                                   | <u>4,745</u>    |
| OPERATING INCOME   | 871             |
| Interest expense   | (366)           |
| Other income and (expense)                                 | 94              |
| INCOME BEFORE INCOME TAX                                   | <u>599</u>      |
| Income tax benefit   | <u>(173)</u>    |
| NET INCOME   | 772             |
| Less: Preferred and preference stock dividend requirements | <u>60</u>       |
| NET INCOME AVAILABLE FOR COMMON STOCK                      | <u>\$ 712</u>   |

SOUTHERN CALIFORNIA EDISON COMPANY

BALANCE SHEET  
JUNE 30, 2019  
ASSETS  
(in millions)

UTILITY PLANT:

|  |               |
|--|---------------|
| Utility plant, at original cost                                  | \$ 47,853     |
| Less- accumulated provision for depreciation and decommissioning | 9,743         |
|  | <u>38,110</u> |
| Construction work in progress                                    | 4,091         |
| Nuclear fuel, at amortized cost                                  | 128           |
|  | <u>42,329</u> |

OTHER PROPERTY AND INVESTMENTS:

|   |              |
|---|--------------|
| Nonutility property - less accumulated depreciation of \$77 | 81           |
| Nuclear decommissioning trusts                              | 4,421        |
| Special Funds and Other investments                         | 67           |
|   | <u>4,569</u> |

CURRENT ASSETS:

|   |              |
|---|--------------|
| Cash and equivalents  | 26           |
| Receivables, less allowances of \$49 for uncollectible accounts | 780          |
| Accrued unbilled revenue  | 562          |
| Inventory   | 331          |
| Income tax receivables  | 211          |
| Prepaid expenses  | 406          |
| Derivative assets   | 55           |
| Regulatory assets   | 1,294        |
| Other current assets  | 96           |
|   | <u>3,761</u> |

DEFERRED CHARGES:

|   |                  |
|---|------------------|
| Regulatory assets                                 | 5,469            |
| Operating lease right-of-use assets               | 738              |
| Long-term insurance receivable due from affiliate | 1,000            |
| Other long-term assets                            | 1,371            |
|   | <u>8,578</u>     |
|   | <u>\$ 59,237</u> |

SOUTHERN CALIFORNIA EDISON COMPANY

BALANCE SHEET  
JUNE 30, 2019  
CAPITALIZATION AND LIABILITIES  
(in millions)

CAPITALIZATION:

|                                      |               |
|--------------------------------------|---------------|
| Common stock                         | \$ 2,168      |
| Additional paid-in capital           | 1,886         |
| Accumulated other comprehensive loss | (26)          |
| Retained earnings                    | 9,219         |
| Common shareholder's equity          | <u>13,247</u> |
| Preferred and preference stock       | 2,245         |
| Long-term debt                       | <u>13,946</u> |
| Total capitalization                 | <u>29,438</u> |

CURRENT LIABILITIES:

|  |              |
|--|--------------|
| Short-term debt                                | 213          |
| Current portion of long-term debt              | 79           |
| Accounts payable                               | 1,577        |
| Accrued interest                               | 257          |
| Customer deposits                              | 302          |
| Regulatory liabilities                         | 767          |
| Current portion of operating lease liabilities | 107          |
| Power purchases contracts                      | 208          |
| Other current liabilities                      | 497          |
|  | <u>4,007</u> |

DEFERRED CREDITS:

|  |               |
|--|---------------|
| Deferred income taxes and credits                      | 6,184         |
| Pensions and benefits                                  | 430           |
| Asset retirement obligations                           | 3,016         |
| Regulatory liabilities                                 | 8,685         |
| Operating lease liabilities                            | 631           |
| Wildfire-related claims                                | 4,669         |
| Other deferred credits and other long-term liabilities | 2,177         |
|  | <u>25,792</u> |

\$ 59,237

**Appendix B**

**Summary of Earnings**

Thousands of Dollars

| Southern California Edison<br>Summary of Earnings<br>2018 GRC Adopted Revenue Requirement<br>Thousands of Dollars |                              |            |
|---|------------------------------|------------|
| Line No.  | Item                         | Total      |
| 1.  | <b>Base Revenues</b>         | 5,115,860  |
| 2.  | <b>Expenses:</b>             |            |
| 3.  | Operation & Maintenance      | 1,732,986  |
| 4.  | Depreciation                 | 1,579,362  |
| 5.  | Taxes                        | 296,269    |
| 6.  | Revenue Credits              | (151,220)  |
| 7.  | Total Expenses               | 3,457,396  |
| 8.  | <b>Net Operating Revenue</b> | 1,658,464  |
| 9.  | <b>Rate Base</b>             | 22,321,623 |
| 10.   | <b>Rate of Return</b>        | 7.43%      |

| Southern California Edison<br>Summary of Earnings<br>2019 GRC Adopted Revenue Requirement<br>Thousands of Dollars |                              |            |
|---|------------------------------|------------|
| Line No.  | Item                         | Total      |
| 1.  | <b>Base Revenues</b>         | 5,450,965  |
| 2.  | <b>Expenses:</b>             |            |
| 3.  | Operation & Maintenance      | 1,782,074  |
| 4.  | Depreciation                 | 1,656,845  |
| 5.  | Taxes                        | 366,005    |
| 6.  | Revenue Credits              | (155,758)  |
| 7.  | Total Expenses               | 3,649,166  |
| 8.  | <b>Net Operating Revenue</b> | 1,801,799  |
| 9.  | <b>Rate Base</b>             | 24,205,329 |
| 10.   | <b>Rate of Return</b>        | 7.44%      |

| Southern California Edison<br>Summary of Earnings<br>2020 GRC Adopted Revenue Requirement<br>Thousands of Dollars |                              |            |
|---|------------------------------|------------|
| Line No.  | Item                         | Total      |
| 1.  | <b>Base Revenues</b>         | 5,860,081  |
| 2.  | <b>Expenses:</b>             |            |
| 3.  | Operation & Maintenance      | 1,832,133  |
| 4.  | Depreciation                 | 1,760,137  |
| 5.  | Taxes                        | 478,767    |
| 6.  | Revenue Credits              | (158,663)  |
| 7.  | Total Expenses               | 3,912,375  |
| 8.  | <b>Net Operating Revenue</b> | 1,947,707  |
| 9.  | <b>Rate Base</b>             | 26,122,849 |
| 10.   | <b>Rate of Return</b>        | 7.46%      |

## **Appendix C**

### **Cities and Counties**



# INCORPORATED CITIES AND COUNTIES SERVED BY SCE

## COUNTIES

|          |             |        |                |          |
|----------|-------------|--------|----------------|----------|
| Fresno   | Kern        | Madera | Riverside      | Tuolumne |
| Imperial | Kings       | Mono   | San Bernardino | Tulare   |
| Inyo     | Los Angeles | Orange | Santa Barbara  | Ventura  |

## CITIES

|                 |                    |                      |                      |                        |                            |
|-----------------|--------------------|----------------------|----------------------|------------------------|----------------------------|
| Adelanto        | Commerce           | Hesperia             | Lynwood              | Porterville            | Tehachapi                  |
| Agoura Hills    | Compton            | Hidden Hills         | Malibu               | Rancho Cucamonga       | Temecula                   |
| Alhambra        | Corona             | Highland             | Mammoth Lakes        | Rancho Mirage          | Temple City                |
| Aliso Viejo     | Costa Mesa         | Huntington Beach     | Manhattan Beach      | Rancho Palos Verdes    | Thousand Oaks              |
| Apple Valley    | Covina             | Huntington Park      | Maywood              | Rancho Santa Margarita | Torrance                   |
| Arcadia         | Cudahy             | Indian Wells         | McFarland            | Redlands               | Tulare                     |
| Artesia         | Culver City        | Industry             | Menifee              | Redondo Beach          | Tustin                     |
| Avalon          | Cypress            | Inglewood            | Mission Viejo        | Rialto                 | Twentynine Palms           |
| Baldwin Park    | Delano             | Irvine               | Monrovia             | Ridgecrest             | Upland                     |
| Barstow         | Desert Hot Springs | Irwindale            | Montclair            | Rolling Hills          | Ventura                    |
| Beaumont        | Diamond Bar        | Jurupa Valley        | Montebello           | Rolling Hills Estates  | Victorville                |
| Bell            | Downey             | La Canada Flintridge | Monterey Park        | Rosemead               | Villa Park                 |
| Bell Gardens    | Duarte             | La Habra             | Moorpark             | San Bernardino         | Visalia                    |
| Bellflower      | Eastvale           | La Habra Heights     | Moreno Valley        | San Dimas              | Walnut                     |
| Beverly Hills   | El Monte           | La Mirada            | Murrieta             | San Fernando           | West Covina                |
| Bishop          | El Segundo         | La Palma             | Newport Beach        | San Gabriel            | West Hollywood             |
| Blythe          | Exeter             | La Puente            | Norco                | San Jacinto            | Westlake Village           |
| Bradbury        | Farmersville       | La Verne             | Norwalk              | San Marino             | Westminster                |
| Brea            | Fillmore           | Laguna Beach         | Ojai                 | Santa Ana              | Whittier                   |
| Buena Park      | Fontana            | Laguna Hills         | Ontario              | Santa Barbara          | Wildomar                   |
| Calabasas       | Fountain Valley    | Laguna Niguel        | Orange               | Santa Clarita          | Woodlake<br>(Three Rivers) |
| California City | Fullerton          | Laguna Woods         | Oxnard               | Santa Fe Springs       | Ventura                    |
| Calimesa        | Garden Grove       | Lake Elsinore        | Palm Desert          | Santa Monica           | Yorba Linda                |
| Camarillo       | Gardena            | Lake Forest          | Palm Springs         | Santa Paula            | Yucaipa                    |
| Canyon Lake     | Glendora           | Lakewood             | Palmdale             | Seal Beach             | Yucca Valley               |
| Carpinteria     | Goleta             | Lancaster            | Palos Verdes Estates | Sierra Madre           |                            |
| Carson          | Grand Terrace      | Lawndale             | Paramount            | Signal Hill            |                            |
| Cathedral City  | Hanford            | Lindsay              | Perris               | Simi Valley            |                            |
| Cerritos        | Hawaiian Gardens   | Loma Linda           | Pico Rivera          | South El Monte         |                            |
| Chino           | Hawthorne          | Lomita               | Placentia            | South Gate             |                            |
| Chino Hills     | Hemet              | Long Beach           | Pomona               | South Pasadena         |                            |
| Claremont       | Hermosa Beach      | Los Alamitos         | Port Hueneme         | Stanton                |                            |